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KFX Medical Corporation

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF CALIFORNIA

KFX MEDICAL CORPORATION, a
Delaware corporation,

Plaintiff and Counterdefendant,

v.

ARTHREX, INCORPORATED, a
Delaware corporation,

Defendant and Counterclaimant.

Case No. 11cv1698 DMS (BLM)

**KFX'S OPPOSITION TO
DEFENDANT'S MOTION IN
LIMINE NO. 1 TO PRECLUDE
KFX FROM ELICITING
TESTIMONY FROM DR.
JONATHAN TICKER ON
ISSUES OF INTENT, STATE OF
MIND OR KNOWLEDGE OF
ARTHREX**

Date: August 9, 2013

Time: 1:30 p.m.

Courtroom 13A

Honorable Dana M. Sabraw

1 Arthrex's motion paints with far too broad a brush. Arthrex seeks to
2 preclude KFx's expert, Dr. Jonathan Ticker, from offering any evidence at all
3 regarding Arthrex's intent or knowledge in causing its customers to infringe
4 KFx's patents. But Arthrex offers no concrete examples of proposed improper
5 testimony by Dr. Ticker, instead offering just a few brief snippets stripped from
6 their context. *See* Mot. at 2. Moreover, Arthrex offers no objection at all to
7 major portions of Dr. Ticker's report relating to the intent element of
8 contributory and induced infringement. Yet, Arthrex seeks to exclude them
9 without basis.

10 A review of Dr. Ticker's expert report shows that his proposed testimony
11 regarding the intent elements of induced and contributory infringement is in fact
12 proper and should be admitted for the jury's consideration. Federal Circuit case
13 law provides that intent to induce infringement may be proved by evidence that
14 the defendant promoted its products for use in an infringing manner. Consistent
15 with this case law, Dr. Ticker expects to explain to the jury that Arthrex has
16 promoted the use of its anchors and surgical kits in an infringing manner, and
17 that this supports an inference that Arthrex intended its customers to infringe.
18 Dr. Ticker's proposed testimony goes no further than Federal Circuit case law
19 allows.

20 **I. DR. TICKER'S PROPOSED TESTIMONY IS PROPER**

21 It is well settled that a patentee may prove the intent elements of induced
22 and contributory infringement through circumstantial evidence. *See Lucent*
23 *Techs. v. Gateway, Inc.*, 580 F.3d 1301, 1322 (Fed. Cir. 2009). "Evidence of
24 active steps taken to induce infringement, such as advertising an infringing use,
25 can support a finding of an intention for the product to be used in an infringing
26 manner." *Lucent*, 580 F.3d at 1322. *See also Dataquill Ltd. v. High Tech*
27 *Computer Corp.*, 887 F.Supp.2d 999, 1011 (S.D. Cal. 2011). Thus, KFx may
28 prove Arthrex's intent to cause infringement by presenting evidence that

1 Arthrex engaged in active steps to induce infringement, such as advertising an
2 infringing use of surgical kits, suture anchors and other Arthrex products. That
3 is precisely how KFx plans to use Dr. Ticker's testimony.

4 Dr. Ticker's opinions regarding induced and contributory infringement
5 begin in Paragraph 90 of his expert report. There, Dr. Ticker explains that
6 "Arthrex's website contains technique guides, animations, and multiple surgical
7 videos ... which demonstrate for surgeons visually and verbally how to perform
8 rotator cuff repairs in manners which infringe the asserted claims." Dickerson
9 Decl., Ex. 1 ¶ 90. Similarly, Dr. Ticker explains that "Surgeons are taught by
10 Arthrex employees and consultant surgeons at Arthrex laboratory sites and at
11 meetings to perform rotator cuff repairs in an infringing manner." *Id.* As an
12 orthopedic surgeon himself, Dr. Ticker has the experience to understand how
13 orthopedic surgeons are trained and the effect that Arthrex's technical materials
14 and training practices can be expected to have on surgeons in the field.
15 Accordingly, based on his review of Arthrex's technical materials – notably its
16 surgical technique videos, surgical technique animations and written technique
17 guides – and on his review of Arthrex's practices in training surgeons and his
18 own experience as a surgeon, Dr. Ticker concludes that "Arthrex has actively
19 and knowingly aided and abetted the direct infringement" of the KFx patents.
20 *Id.*

21 In these passages in Paragraph 90, Dr. Ticker has done precisely what the
22 Federal Circuit authorized in *Lucent*. He has used his technical expertise to
23 interpret the technical materials distributed to surgeons by Arthrex and has
24 concluded that those materials instruct surgeons to infringe the KFx patents. As
25 the Federal Circuit explained in *Lucent*, this is precisely the type of
26 circumstantial evidence that a jury can rely upon to conclude that Arthrex
27 intended its surgeon customers to infringe. *See Lucent*, 580 F.3d at 1322.

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1 Paragraph 91 of Dr. Ticker's report is similar. There, Dr. Ticker states:
2 "Based on my clinical experience, surgeons learning a procedure through
3 technique guides, sawbones or cadaver hands-on practice, and/or by watching
4 video or animation demonstrations will perform the techniques as they have
5 been taught." Dickerson Decl. re: Arthrex MIL No. 1, Ex. 1 ¶ 91. Arthrex has
6 not even identified anything improper in this proposed testimony, and it cannot.
7 This proposed testimony merely informs the jury that surgeons tend to follow
8 the instructions they are given by manufacturers and others. Such evidence
9 tends to rebut any claim by Arthrex that it did not intend surgeons to follow the
10 instructions it gave to them. And it is based on specialized knowledge and
11 experience that a lay jury will not possess.

12 Paragraph 93 of Dr. Ticker's report then combines Paragraphs 90 and 91.
13 Dr. Ticker first reiterates that the materials Arthrex has provided to surgeons
14 instruct them to infringe. *Id.* ¶ 93. Dr. Ticker then reiterates that "Arthrex
15 would anticipate that surgeons, using these and other Arthrex provided
16 resources, would perform the procedures as they had been taught." *Id.* From
17 this, Dr. Ticker concludes that Arthrex must have known that its customers
18 would infringe the KFx patents. *Id.* As before, this is precisely the type of
19 circumstantial evidence that a jury can rely upon to conclude that Arthrex
20 intended its surgeon customers to infringe. *See Lucent*, 580 F.3d at 1322.

21 **II. THE CASES CITED BY ARTHREX ARE OFF POINT**

22 Arthrex cites several district court cases for the proposition that expert
23 testimony on the issue of intent is ordinarily improper. *See Mot.* at 3-4. None
24 of these cases, however, involve the intent element of induced or contributory
25 infringement. This distinction is critical. To prove the intent element of
26 induced infringement, KFx is entitled to rely upon "[e]vidence of active steps
27 taken to induce infringement, such as advertising an infringing use." *Lucent*,
28 580 F.3d at 1322. This cries out for expert testimony. Because infringement in

1 this case is a highly technical question of fact, expert testimony is by far the
2 most helpful way to explain to the jury that Arthrex's advertising promotes an
3 infringing use.

4 Even outside the indirect infringement context, Arthrex vastly overstates
5 the restrictions on expert testimony regarding intent. The case law establishes
6 that expert testimony regarding intent and knowledge is appropriate, at least
7 where a party's intent is intertwined with complex technical issues. *See*
8 *Bauman v. Centex Corp.*, 611 F.2d 1115, 1120-21 (5th Cir. 1980). In *Bauman*,
9 for example, the defendant objected that the plaintiff's expert testified regarding
10 "intent" and "knowledge," arguing that this "would invade the province of the
11 jury." *Id.* The court rejected this argument, holding that the expert testimony
12 was helpful to the jury because it involved complex issues of corporate
13 management. *Id.* *See also Agrigenetics, Inc. v. Pioneer Hi-Bred Int'l*, 2010
14 U.S. Dist. LEXIS 120003 *13-*15 (S.D. Ind. Nov. 10, 2010) (admitting
15 testimony of marketing experts regarding parties' intent in entering into
16 marketing agreement); *Bouygues Telecom v. Tekelec*, 472 F. Supp. 2d 722, 726-
17 27 (E.D.N.C. 2007) (admitting expert testimony on knowledge, state of mind,
18 motive and intent in a case involving "highly complex and technical" issues of
19 telecommunications). Simply put, where the intent of a party may be inferred
20 from a complex set of facts, expert testimony is permissible to assist the jury in
21 understanding those complex facts and the inferences that may be drawn from
22 them. That is precisely the case here.

23 **III. DR. TICKER DID NOT RELY UPON AN INCORRECT LEGAL**
24 **STANDARD**

25 In Paragraph 84 of his expert report, Dr. Ticker recited the standard for
26 induced infringement set forth in the 2012 AIPLA Model Patent Jury
27 Instructions. Dickerson Decl. re: Arthrex MIL No. 1, Ex. 1 ¶ 84. That model
28 jury instruction provides that a patentee must prove that the defendant "knew or

1 should have known that its actions would lead to actual infringement.” *Id.*
 2 Very recently, and long after KFx served Dr. Ticker’s report, the Federal Circuit
 3 rejected the “should have known” language that appears in the model jury
 4 instruction. *See Commil USA v. Cisco Sys.*, 2013 U.S. App. LEXIS 12943 *9
 5 (Fed. Cir. June 25, 2013). Dr. Ticker cannot be faulted for not anticipating the
 6 *Commil* decision.

7 Moreover, the actual opinions offered by Dr. Ticker in his report do not
 8 rely upon the “should have known” standard. Rather, consistent with *Commil*,
 9 Dr. Ticker offered his opinion that Arthrex “knowingly aided and abetted the
 10 direct infringement” of the KFx patents, Dickerson Decl. re: Arthrex MIL No. 1,
 11 Ex. 1 ¶ 90, and that Arthrex “must have known” that its surgical methods
 12 infringe the KFx patents, *id.* ¶ 93. Thus, the testimony Dr. Ticker will offer at
 13 trial will be consistent with the standards announced in *Commil*.

14 **IV. CONCLUSION**

15 Federal Circuit case law is clear that the intent required to be liable for
 16 induced infringement is shown by proving technical facts – namely, that Arthrex
 17 advertised and promoted its surgical products for use in an infringing manner.
 18 Expert testimony is both necessary and appropriate to establish these technical
 19 facts and explain what inferences may reasonably be drawn from them.
 20 Accordingly, Arthrex’s motion should be denied.

21 Respectfully submitted,

22 KNOBBE, MARTENS, OLSON & BEAR, LLP

23
 24 Dated: August 2, 2013 By: s/Sean M. Murray

25 Joseph F. Jennings
 26 Brian Horne
 27 Sean M. Murray
 Sarah Lampton
 Marissa Calcagno

28 Attorneys for Plaintiff
 KFx Medical Corporation

PROOF OF SERVICE

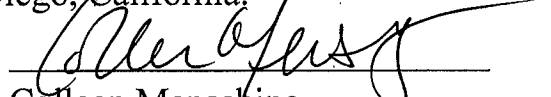
I hereby certify that on August 2, 2013, I caused the KFX'S
OPPOSITION TO DEFENDANT'S MOTION IN LIMINE NO. 1 TO
PRECLUDE KFX FROM ELICITING TESTIMONY FROM DR. JONATHAN
TICKER ON ISSUES OF INTENT, STATE OF MIND OR KNOWLEDGE OF
ARTHREX to be electronically filed with the Clerk of the Court using the
CM/ECF system which will send electronic notification of such filing to the
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I certify and declare under penalty of perjury under the laws of the State
of California that I am employed in the office of a member of the bar of this
Court at whose direction the service was made, and that the forgoing is true and
correct.

Executed on August 2, 2013, at San Diego, California.


Colleen Mensching

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